

Non-Departmental Accounts

MISSION STATEMENT

Non-Departmental Accounts (NDAs) contain expenditure items essential to the operation of the County government, which do not fall within the functional assignment of any department or agency, or which provide for expenditures related to more than one department or agency.

In FY08, 33 non-departmental accounts are funded. Three NDAs are not recommended for funding: the Board of Investment Trustees; Inauguration and Transition; and Restricted Donations. One additional NDA is recommended for funding: Other Post Employment Benefits (OPEB). The four full-time positions with the Board of Investment Trustees are charged to various retirement funds as appropriate, and 0.6 workyears are charged to the Compensation and Employee Benefits Adjustments NDA for deferred compensation management.

BUDGET OVERVIEW

The total recommended FY08 Operating Budget for the Non-Departmental Accounts is \$122,245,680, an increase of \$10,665,920 or 9.6 percent from the FY07 Approved Budget of \$111,579,760. Personnel Costs comprise 2.5 percent of the budget for six full-time positions for 2.6 workyears. Operating Expenses and Capital Outlay account for the remaining 97.5 percent of the FY08 budget.

PROGRAM CONTACTS

Contact Christopher M. Mullin of the Office of Management and Budget at 240.777.2772 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

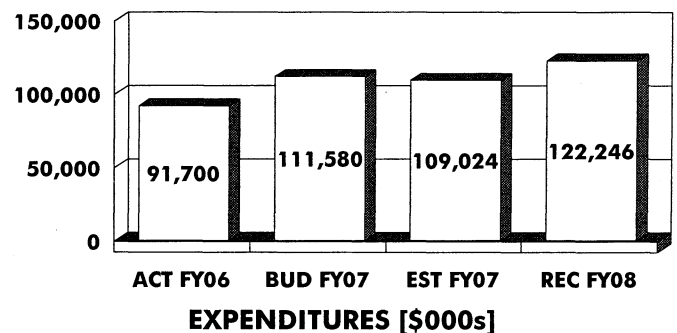
Arts and Humanities Council

This NDA provides funding for the Arts and Humanities Council of Montgomery County (AHCMC), the County's designated local arts and humanities agency. The FY08 budget represents a new structure for the AHCMC. As part of the new structure, Transition Grants and Cultural Facility Improvement Grants have been replaced with an increase in general operating support to the arts and humanities organizations. FY08 taxpayer support of the Arts and Humanities Council includes: general operating grants to arts and humanities organizations; program grants to agencies not receiving general operating support; project grants to individuals, scholars, groups or small organizations; technical assistance and other support services for individuals and other organizations in the County; and operating expenses for AHCMC. The County's contribution is implemented by a contract between the Department of Recreation and AHCMC.

Program Summary

	Expenditures	WYs
Arts and Humanities Council	5,110,480	0.0
Board of Investment Trustees	0	0.0
Boards, Committees, and Commissions	20,000	0.0
Charter Review Commission	1,500	0.0
Closing Cost Assistance	160,500	0.0
Community Grants	5,052,590	0.0
Compensation and Employee Benefits Adjustments	3,492,720	1.6
Conference and Visitors Bureau	644,350	0.0
Conference Center	605,090	1.0
Council of Governments	713,830	0.0
County Associations	64,460	0.0
Desktop Computer Modernization	6,326,130	0.0
Future Federal/State/Other Grants	10,000,000	0.0
Grants to Municipalities in Lieu of Shares Tax	28,020	0.0
Group Insurance for Retirees	24,810,190	0.0
Historical Activities	371,280	0.0
Homeowners' Association Road Maintenance Reimburse.	392,510	0.0
Housing Opportunities Commission	5,686,290	0.0
Inauguration & Transition	0	0.0
Independent Audit	342,500	0.0
Interagency Technology, Policy, & Coordinating Comm.	30,000	0.0
Judges Retirement Contributions	3,740	0.0
Leases	15,315,780	0.0
Motor Pool Fund Contribution	743,530	0.0
Municipal Tax Duplication	7,488,240	0.0
Other Post Employment Benefits (OPEB)	12,067,320	0.0
Prisoner Medical Services	10,000	0.0
Public Technology, Inc.	27,500	0.0
Restricted Donations	0	0.0
Risk Management (General Fund Portion)	8,836,850	0.0
Rockville Parking District	461,500	0.0
State Positions Supplement	119,330	0.0
State Retirement Contribution	890,580	0.0
Takoma Park Library Annual Payment	119,160	0.0
Takoma Park Police Rebate	630,310	0.0
Working Families Income Supplement	11,679,400	0.0
Totals	122,245,680	2.6

Trends



The Arts and Humanities Council's mission is to promote, support, and expand cultural activities in the County and to help integrate them into the lives of all residents. AHCMC coordinates services to more than 300 arts and humanities organizations and over 300 individual artists and scholars in the County. Its activities include: providing grants to individuals, scholars, and arts and humanities organizations; providing technical assistance to arts and humanities organizations; sponsoring cultural events; publishing and maintaining on its website a comprehensive calendar of cultural events in the County; coordinating cultural activities; sponsoring and overseeing the presentation of an annual cultural fair; providing staff support for the County's Public Arts Trust; and implementing the County's first community cultural plan. AHCMC is headquartered in Bethesda, Maryland, and receives support from the State of Maryland, Montgomery County, regional foundations, and private support.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	5,966,490	0.0
FY08 CE Recommended	5,110,480	0.0

Board of Investment Trustees

The mission of the Board of Investment Trustees is to manage prudent investment programs for the members of the Employee Retirement Plans and their beneficiaries. Expenditures associated with this program are funded from the Employees' Retirement System (ERS), Retirement Savings Plan (RSP), and the General Fund on behalf of the Montgomery County Deferred Compensation Plan (DCP) trust funds and are, therefore, not appropriated here. The Board of Investment Trustees manages the assets of the ERS through its investment managers in accordance with the Board's asset allocation strategy and investment guidelines. The Board also administers the investment programs for the RSP and DCP. The Board consists of 13 trustees including: the Directors of Human Resources, Finance, Management and Budget, and the Council Staff; one member recommended by each employee organization; one active employee not represented by an employee organization; one retired employee; two members of the public recommended by the County Council; and two members of the general public.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	0	0.0
FY08 CE Recommended	0	0.0

Boards, Committees, and Commissions

There are approximately 800 members of County boards, committees, and commissions, created by law or resolution, who serve the County for a variety of purposes. These funds provide for the reimbursement of certain expenses incurred by eligible members of boards, committees, or commissions while on official business and/or for expenses related to the establishment of any new boards, committees, or commissions.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	15,000	0.0
FY08 CE Recommended	20,000	0.0

Charter Review Commission

Section 509 of the County Charter requires that a Charter Review Commission be appointed by the County Council every four years, within six months after the Council assumes office, for the purpose of studying the Charter. The Commission shall report at least once to the Council on the Commission's activities within one year after appointment. Commission reports shall be submitted no later than May 1 of every even-numbered year. The reports shall contain recommendations concerning proposed Charter amendments, if any. This NDA provides for the expenses of the Commission.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	100	0.0
FY08 CE Recommended	1,500	0.0

Closing Cost Assistance

This NDA provides financing for real estate closing cost expenses to assist moderate- to middle-income home buyers. Eligible first-time home buyers can receive a seven-year loan under the program to help pay the settlement expense of a home purchase. The maximum amount of loans is the lesser of \$7,500 or five percent of the sale price of the single-family residence. The Housing Opportunities Commission (HOC) administers and operates the program. As part of an arrangement between HOC and the Federal National Mortgage Association (Fannie Mae), the County has established this account to help defray program operating costs incurred by HOC.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	144,080	0.0
FY08 CE Recommended	160,500	0.0

Community Grants

This NDA provides one-time grants directly to organizations in the community. A complete list of grantees is located within the FY08 Recommended Changes table at the end of this section. Included in this NDA are:

- Community Empowerment Grants: one-time grants to promote direct services to community residents and enhance community pride, self-sufficiency and community participation;
- Community Grants: one-time grants to organizations that leverage Federal, State, and/or private funding or improve the quality of life for County residents;
- Community Service Grants: one-time grants for capital purchases that support health and human service activities.

Recommended for Community Grants, but included as part of the Capital budget within the Cost Sharing: MCG project (CIP#720601) are the following (for a total of \$1,240,000): CHI

Centers, Inc., \$100,000; Community Services for Autistic Adults and Children (CSAAC), \$340,000; Community Support Services, Inc., \$250,000; Easter Seals Greater Washington-Baltimore Region, \$250,000; Metropolitan Washington Ear, \$100,000; Non-Profit Village, \$200,000.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	9,240,790	0.0
FY08 CE Recommended	5,052,590	0.0

Compensation and Employee Benefits Adjustments

This NDA contains a General Fund (\$3,139,280) and a Grant Fund (\$353,440) appropriation, and provides funding for certain personnel costs related to adjustments in employee and retiree benefits, pay-for-performance awards for employees in the Management Leadership Service and non-represented employees, Deferred Compensation Management, and unemployment insurance.

Non-Qualified Retirement Plan: This provides funding for that portion of a retiree's benefit payment that exceeds the Internal Revenue Code's §415 limits on payments from a qualified retirement plan. Payment of these benefits from the County's Employees' Retirement System (ERS) would jeopardize the qualified nature of the County's ERS. The amount in this NDA will vary based on future changes in the Consumer Price Index (CPI) affecting benefit payments, new retirees with a non-qualified level of benefit, and changes in Federal law governing the level of qualified benefits.

Deferred Compensation Management: These costs are for management expenses required for administration of the County's deferred compensation program. Management expenses include legal and consulting fees, office supplies, printing and postage, and County staff support.

Management Leadership Service: Performance-Based Pay Awards: In FY99, the County implemented the Management Leadership Service (MLS) which includes high level County employees with responsibility for developing and implementing policy and managing County programs and services. The MLS was formed for a number of reasons including: improving the quality and effectiveness of service delivery through management training, performance accountability, and appropriate compensation; providing organizational flexibility to respond to organizational needs; allowing managers to seek new challenges; and developing and encouraging a government-wide perspective among the County's managers. MLS employees are not eligible for service increments.

Unemployment Insurance: The County is self-insured for unemployment claims resulting from separations of service. Unemployment insurance is managed by the Office of Human Resources through a third party administrator who advises the County and monitors claims experience.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	3,376,040	1.9
FY08 CE Recommended	3,492,720	1.6

Conference and Visitors Bureau

The Conference and Visitors Bureau (CVB) promotes Montgomery County as a tourist destination site to meeting planners, group tour operators, and travel writers; develops and distributes publications on points of interest to tourists; and conducts public information campaigns promoting tourism and event facilitation in Montgomery County. The CVB coordinates with the State Department of Tourism, State Film Office, and national and regional events to promote tourism growth in Montgomery County. The CVB operates on contract with the Department of Economic Development. Funding is based on 3.5 percent of hotel/motel tax revenues.

The CVB also pursues additional marketing opportunities brought about by the opening of new cultural and recreational venues such as the Montgomery County Conference Center, the Music Center at Strathmore, and the Soccerplex. In addition to maintaining a visitor information center in Germantown off of Interstate 270, the CVB also provides visitor information services at the Conference Center during peak periods.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	592,900	0.0
FY08 CE Recommended	644,350	0.0

Conference Center

Prior to FY06, the Conference Center NDA primarily provided for pre-opening expenses. Since the Conference Center opened in November, 2004, the NDA has expanded its scope to fund:

- a full-time position to manage the operational and fiscal oversight of the Conference Center complex;
- non-routine or major repairs, alterations, improvements, renewals, and replacements; and
- the designated reserve required by the management agreement with Marriott International, Inc.

Funding is also included to reimburse the contractor for costs not covered by operations during accounting periods when losses occur. These costs will be offset by contractor payments to the County during accounting periods with operating gains.

Revenues consisting of net operating income from the Conference Center and land rent from the hotel are also reflected in the NDA. Twenty percent of the County's net proceeds from Conference Center operations will be retained for investment in marketing and facility improvements that will increase Conference Center usage. All proposed investment expenditures will be reviewed and approved by the Conference Center Management Committee.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	594,850	1.0
FY08 CE Recommended	605,090	1.0

Council of Governments

The Metropolitan Washington Council of Governments (COG) is a voluntary association of major local governments in the Washington Metropolitan Area. COG seeks to provide regional answers to, and coordination of, area-wide issues such as air and water pollution, day care, housing, crime, water supply, land use, and transportation.

This NDA reflects Montgomery County's share of the organization's operation plus special COG initiatives. Additionally, the contribution supports the Cooperative Purchasing Program; the Anacostia Restoration Fund; the Regional Environmental Fund; the Airport Noise Abatement Program; and a membership fee for participation on a regional housing committee.

As in previous years, the Washington Suburban Sanitary Commission will provide Montgomery County's contribution to support the Water Resources Management Planning Program, the Blue Plains Users, and the Potomac River Regional Monitoring Program.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	734,500	0.0
FY08 CE Recommended	713,830	0.0

County Associations

This NDA funds Montgomery County membership dues to the National Association of Counties (NACo) and the Maryland Association of Counties (MACo).

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	64,290	0.0
FY08 CE Recommended	64,460	0.0

Desktop Computer Modernization

The Desktop Computer Modernization (DCM) program was developed by the Department of Technology Services (DTS) and is based on a best practices approach to maintaining a modern and cost effective computing environment in the County. The program reduces the Total Cost of Ownership (TCO) of PCs through standardization, asset management, and maintenance services. DCM includes the centralized management, support, and maintenance of PCs and the annual replacement of one-fourth of managed PCs. The program also includes PC-related training and software.

This NDA includes funding for Help Desk support, management, maintenance, and replacement of PCs.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	6,470,880	0.0
FY08 CE Recommended	6,326,130	0.0

Future Federal/State/Other Grants

This NDA enables the County to implement new grant-funded programs up to \$200,000 each and provides funds for grant continuations and enhancements without having to process individual supplemental appropriations through the County Council. Upon approval by the County Executive, funds in this program are transferred to the receiving department's grant account.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	10,000,000	0.0
FY08 CE Recommended	10,000,000	0.0

Grants to Municipalities in Lieu of Shares Tax

This NDA funds payments required in accordance with State law. The 1968 Session of the General Assembly revised the tax structure to include a County income tax. As part of this restructuring, the shared tax on banks and financial institutions was eliminated, and a provision was adopted which requires counties to pay annually to municipalities the amount (\$28,020) which had been received by the municipalities in FY68.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	28,020	0.0
FY08 CE Recommended	28,020	0.0

Group Insurance for Retirees

Group insurance is provided to an estimated 3,800 retired County employees and survivors, as well as retirees of participating outside agencies. Employees hired before January 1, 1987, are eligible upon retirement to pay 20 percent of the premium for health and life insurance for the same number of years (after retirement) that they were eligible to participate in the group insurance plan as an active employee. The County government pays the remaining 80 percent of the premium. Thereafter, these retirees pay 100 percent of the premium. Employees hired before January 1, 1987, are also offered the option at retirement to convert from the 20/80 arrangement to a lifetime cost sharing option.

Employees hired after January 1, 1987, are eligible upon retirement for a lifetime cost sharing option under which the County pays 70 percent of the premium and the retiree pays 30 percent of the premium for life for retirees who were eligible to participate in the County group insurance plan for 15 or more years as active employees. Minimum participation eligibility of five years as an active employee is necessary to be eligible for the lifetime plan. The County will pay 50 percent of the premium for retirees with five years of participation as an active employee. The County contribution to the payment of the

premium increases by two percent for each additional year of participation up to the 70 percent maximum.

On March 5, 2002, the County Council approved a one-time opportunity for retirees still under the 20/80 arrangement with an expiration date to elect the lifetime cost sharing arrangement. The new percentage paid by the County for those electing this arrangement ranges from 50 percent to 68 percent, depending upon years of active eligibility under the plan and years since retirement. The cost sharing election process has been completed.

The budget does not include employer contributions from participating outside agencies.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	23,924,080	0.0
FY08 CE Recommended	24,810,190	0.0

Historical Activities

This NDA contains a General Fund (\$346,280) and a State (\$25,000) appropriation, and provides funding for the following agencies and programs:

- **Historic Preservation Commission:** The Historic Preservation Commission's main responsibility is to administer the historic preservation ordinance including recommending Montgomery County sites of potential historical significance. These efforts are administered by the Maryland-National Capital Park and Planning Commission (M-NCPPC).
- **Historic Preservation Grant Fund:** The Historic Preservation Grant Fund is administered through the Historic Preservation Commission. The Historic Preservation Commission accepts proposals from County historical groups which compete for grant funding for historically significant or educational projects. Currently, historic preservation grant awards are recommended by the Historic Preservation Commission and executed by M-NCPPC.
- **Historical Society:** Funding for the Montgomery County Historical Society provides support for the Society's Education Program staff, educational and outreach programs for County residents, and to maintain the Historical Society's research library and museums.
- **Maryland Historic Grant:** The Maryland Historic Grant is a matching grant whereby the State of Maryland provides funds for historic preservation, and Montgomery County contributes matching funds totaling 25 percent of the State grant. These grant funds are passed through the County to M-NCPPC, which uses the dollars in its historic activity endeavors.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	362,530	0.0
FY08 CE Recommended	371,280	0.0

Homeowners' Association Road Maintenance Reimburse.

This NDA provides a partial reimbursement to homeowners' associations (HOAs) for their maintenance of certain privately-owned roadways. The payment is currently restricted to through roadways, accessible to the public, which are one-quarter mile or longer and which provide vehicular access to more than four dwelling units. In FY97, an Executive Regulation was enacted allowing homeowners' associations to request that their roadways be deemed "private maintenance roads." This designation qualifies the HOA for State reimbursement of their roadway maintenance costs. The County annually submits to the State its estimate of reimbursable miles, including those accepted as private maintenance roads. The State then reimburses the County and, subsequently, the County forwards the funds to HOAs.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	392,510	0.0
FY08 CE Recommended	392,510	0.0

Housing Opportunities Commission

The Housing Opportunities Commission is a public corporation established by Maryland law to act as a builder, developer, financier, owner, and manager of housing for people of low- and moderate- (eligible) income. The Commission also provides eligible families and individuals with affordable housing and supportive services.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	5,486,710	0.0
FY08 CE Recommended	5,686,290	0.0

Inauguration & Transition

The Montgomery County Charter provides for the quadrennial election of a County Executive and County Council. This NDA provides for a ceremony and smooth transition of the County Executive and County Council every four years.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	100,000	0.0
FY08 CE Recommended	0	0.0

Independent Audit

Section 315 of the County Charter requires the County Council to contract with a Certified Public Accountant for an independent post audit of all financial records and actions of the County, its officials, and employees. By County law, the Office

of Legislative Oversight is the designated administrator for this contract, which also includes certification of the Federal Transit Act (FTA) Grant and audits of tax-funded expenditures by the independent Fire and Rescue Corporations.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	326,190	0.0
FY08 CE Recommended	342,500	0.0

Interagency Technology, Policy, & Coordinating Comm.

This NDA supports the operation of the Interagency Technology Policy and Coordination Committee (ITPCC). The ITPCC was chartered by the Montgomery County Council to promote strategic planning and coordination in the use of information technology among County agencies. The ITPCC reports biannually to the County Council. By regularly convening the agencies' chief executive and chief information officers, the ITPCC provides an effective forum for the coordinated implementation of technology policies and guidelines. Additionally, the ITPCC facilitates interagency communication, the evaluation and sharing of new technologies and advises policy makers on the strategic uses of technology.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	30,000	0.0
FY08 CE Recommended	30,000	0.0

Judges Retirement Contributions

This NDA provides pensions for retired Judges who were on the bench prior to 1968 in the Circuit Court and the People's Court (District Court) of Montgomery County and for their surviving spouses.

The Circuit Court pension is calculated at one percent of the net supplement paid by the County to the salaries of the Circuit Court Judges as of May 31, 1968, multiplied by the number of years of active service as a Judge (up to a maximum of 20 years). The surviving spouse receives one-half of the pension to which the Judge would have been entitled. The benefits are provided for in Section 12-10 of the Montgomery County Code.

The People's Court (District Court) pension is based on the current salary of a District Court Judge. A retired Judge receives 60 percent of the current salary of a District Court Judge, while a surviving spouse receives one-half of the pension to which the Judge would have been entitled. The benefits are provided for in Article 73B, Section 63(b) of the Annotated Code of Maryland. This NDA may be increased to include a cost of living adjustment at a rate equal to that approved for District Court Judges by the General Assembly. If a cost of living adjustment is approved next fiscal year, the NDA will be adjusted as necessary by a year-end transfer.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	3,740	0.0
FY08 CE Recommended	3,740	0.0

Leases

This NDA provides the funds necessary to lease privately owned real estate to accommodate County programs. Real estate property leased by the County includes: office, warehouse, and retail space; hangar facilities; child care space in schools, parking spaces and space for communication antennas. Leasing property allows the County the flexibility to locate programs in the communities they serve. Leasing provides space for programs to operate when there is no County-owned space available. Further, it is an economical way to procure highly specialized, location sensitive or temporary space. Currently, there are approximately 80 leased facilities. The FY08 budget for leases supports four new leases. The inventory of leases is constantly shifting as new leases are added and existing leases are terminated.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	14,202,430	0.0
FY08 CE Recommended	15,315,780	0.0

Motor Pool Fund Contribution

This NDA funds the acquisition of new, additional Motor Pool fleet vehicles, as opposed to replacement vehicles which are financed through an established chargeback mechanism.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	1,115,500	0.0
FY08 CE Recommended	743,530	0.0

Municipal Tax Duplication

The Montgomery County Tax Duplication Program, authorized by Chapter 30A of the Montgomery County Code, reimburses municipalities for those public services they provide that would otherwise be provided by the County. County Council Resolution No. 9-1752, enacted April 27, 1982, increased the scope of program coverage from street-related expenditures to include other public services, such as Police Supplemental Aid; Animal Control; Elderly Transportation and Nutrition; Parks Maintenance; Zoning; Board of Appeals; and Human Rights.

This program was reviewed in FY96 and technical formula amendments proposed. The changes were approved, and payment calculations since then are prepared in accordance with County Council Resolution No. 13-650, adopted September 10, 1996. Specifically, as the exact payment amount for the current year cannot be determined until both Municipal and County books are closed, reimbursements are based on the final audited cost of performing eligible services during the fiscal year two years prior to the budget year. Also, reimbursements are now made at the County's cost and not at "the lesser of County or Municipal costs" of eligible service provision.

Finally, payments to municipalities are also made from other sources, including Cable TV Franchise Fees, Grants in Lieu of Shares Tax, Non-Departmental Accounts, and as part of the County's Community Development Block Grant.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	7,488,240	0.0
FY08 CE Recommended	7,488,240	0.0

Other Post Employment Benefits (OPEB)

The Governmental Accounting Standards Board (GASB) has issued Statement 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions, which addresses how state and local governments should account for and report their costs and obligations related to Other Post Employment Benefits (OPEB). County agencies are required to disclose their OPEB liabilities in their financial statements, starting with the fiscal year beginning July 1, 2007 (FY08).

In November 2006, the County obtained actuarial valuation information addressing the extent of the County's liability to its retirees for other post employment benefits as of July 1, 2006. Based on the assumptions and qualifications stated therein, the OPEB Report concluded that, assuming full prefunding, the 2008 annual required contribution (ARC) for the County and its tax supported agencies is \$240.0 million, and the related actuarial accrued liability (AAL) is \$2.6 billion. The County has determined that a five-year phase in of the difference between the current pay-as-you-go amount to the ARC would be a responsible approach to pre-funding, and believes that such an approach is acceptable to the rating agencies, who will be evaluating the County's response to the GASB disclosure requirements, and its approach to its obligations to current and future retirees for health and other non-pension benefits.

The County is committed to the responsible fiscal management of the County's OPEB obligations and intends to establish a Trust on or before July 1, 2007 for such purposes. It is the County's intent to ramp up to full funding of the ARC over a five-year period beginning with FY08. This approach allows the County to use a discount rate higher than its operating investment rate for accounting and budgeting purposes, which will result in lower costs and liabilities than if the County did not have a Trust in place.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	0	0.0
FY08 CE Recommended	12,067,320	0.0

Prisoner Medical Services

This NDA provides reimbursements to physicians and hospitals for medical care provided to individuals in the custody of any Montgomery County law enforcement agency, with the exception that offenders committed to the custody of the Department of Correction and Rehabilitation (DOCR) receive

medical treatment paid for by the budget of that department (to the degree not paid for by Workers' Compensation, personal medical insurance, the Federal government, or other appropriate and available outside resources). DOCR manages this account and, with the assistance of the County Attorney, determines which costs are the responsibility of the County. All bills are reviewed for appropriateness of cost by a private contractor prior to payment.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	10,000	0.0
FY08 CE Recommended	10,000	0.0

Public Technology, Inc.

Funds are budgeted each year to continue membership in Public Technology, Inc. (PTI) as the County's research and development link with the National Association of Counties. Annual dues, unchanged since 1991, cover research and development assistance for innovative projects; access to a computerized information-sharing network; and membership in the Urban Consortium. The County participates in, and has received grants as a result of, initiatives in task forces on energy, solid waste, and telecommunications. PTI, as an organization, specializes in the research and assessment of ideas of interest to local governments for increasing efficiency, reducing costs, improving services, and solving problems. A current emphasis is on public enterprise, toward helping local governments identify and capture potential sales from products and information that are outcomes of government investment.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	27,500	0.0
FY08 CE Recommended	27,500	0.0

Restricted Donations

This NDA was established to comply with the requirements of Government Accounting Standards Board Statement No. 34 (GASB 34) by budgeting for the receipt of private donations for County programs. The proceeds of the former Expendable Trust Fund accounts and other miscellaneous funds have been transferred to the Restricted Donations Special Revenue Fund. Appropriation authority to spend additional donations received during the year is provided through the County Council Resolution for the Approval of and Appropriation for the Operating Budget of the Montgomery County Government. The budget resolution provides that the unexpended balance in this fund at the end of the fiscal year is reappropriated by the County Council for the next fiscal year; and if needed, the Restricted Donations NDA can receive transfers from the Future Federal, State, or Other Grants NDA for any individual donations up to \$200,000. Additional information relating to the financial activities of this NDA is displayed in Schedule A-4, Fiscal Summary by Fund, Non-Tax Supported, Montgomery County Government, Restricted Donations.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	0	0.0
FY08 CE Recommended	0	0.0

Risk Management (General Fund Portion)

This NDA funds the General Fund contribution to the Liability and Property Coverage Self-Insurance Fund. The Self-Insurance Fund, managed by the Department of Finance, Division of Risk Management in the Department of Finance, provides comprehensive insurance coverage to contributing agencies. Contribution levels are based on the results of an annual actuarial study. Special and Enterprise Funds, as well as outside agencies and other jurisdictions, contribute to the Self-Insurance Fund directly. A listing of these member agencies and the amounts contributed can be found in the Department of Finance, Risk Management Budget Summary.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	8,938,480	0.0
FY08 CE Recommended	8,836,850	0.0

Rockville Parking District

This NDA provides funding towards the redevelopment of the City of Rockville Town Center and the establishment of a parking district. The funding reflects a payment from the County to the City of Rockville for County buildings in the Town Center development and is based on the commercial square footage of County buildings.

Also included are funds to reimburse the City for the cost of library employee parking, library patron parking, and the County's capital cost contribution for the garage facility as agreed in the General Development Agreement.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	130,000	0.0
FY08 CE Recommended	461,500	0.0

State Positions Supplement

This NDA provides for the County supplement to State salaries and fringe benefits for secretarial assistance for the resident judges of the Maryland appellate court and for certain employees in the Office of Child Care Licensing and Regulation in the Maryland State Department of Human Resources.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	173,470	0.0
FY08 CE Recommended	119,330	0.0

State Retirement Contribution

This NDA provides for the County's payment of two items to the State Retirement System:

- Maryland State Retirement System: Unfunded accrued liability, as established by the Maryland State Retirement System (MSRS), for employees hired prior to July 1, 1984, who are members of the MSRS (including former Department of Social Services employees hired prior to July 1, 1984), and for those who have retired. (All County employees participated in the State Retirement System until 1965.) The County contribution for this account is determined by State actuaries. Beginning in FY81, the amount due was placed on a 40-year amortization schedule.
- State Library Retirement: Accrued liability for retirement costs for three Montgomery County Public Library retirees who are receiving a State retirement benefit. These were County employees prior to 1966 who opted to stay in the State plan.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	848,350	0.0
FY08 CE Recommended	890,580	0.0

Takoma Park Library Annual Payment

The annual amount provided in this NDA is a function of County expenditures for Libraries (as a share of property tax-funded spending) and the City's assessable base. The payment is authorized by Section 2-53 of the Montgomery County Code.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	103,620	0.0
FY08 CE Recommended	119,160	0.0

Takoma Park Police Rebate

The County provides financial support to the City of Takoma Park for police protection services in accordance with provisions of the County Code. This provision was enacted in 1949 and provides a payment to the City for protective services for the County residents of the City of Takoma Park. The payment is based on a formula, which uses \$0.048 per \$100 of assessable base tax rate with "full value assessment" levied on real property.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	564,670	0.0
FY08 CE Recommended	630,310	0.0

Working Families Income Supplement

This NDA provides funds to match the State's Refundable Earned Income Tax Credit (EITC). The intent of the Working Families Income Supplement is to provide financial assistance to low-income working families in Montgomery County. The County, through the NDA, reimburses the State for the cost of the refund and related administrative expenses.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	10,123,800	0.0
FY08 CE Recommended	11,679,400	0.0

BUDGET SUMMARY

	Actual FY06	Budget FY07	Estimated FY07	Recommended FY08	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	1,134,115	2,678,430	2,678,430	2,625,790	-2.0%
Employee Benefits	107,578	109,290	109,290	78,950	-27.8%
County General Fund Personnel Costs	1,241,693	2,787,720	2,787,720	2,704,740	-3.0%
Operating Expenses	90,026,939	97,367,760	97,294,560	108,418,970	11.3%
Capital Outlay	0	1,115,500	1,115,500	743,530	-33.3%
County General Fund Expenditures	91,268,632	101,270,980	101,197,780	111,867,240	10.5%
PERSONNEL					
Full-Time	6	6	6	6	—
Part-Time	0	0	0	0	—
Workyears	3.2	2.9	2.9	2.6	-10.3%
REVENUES					
Takoma Park Munic. Tax Duplic. Loan Reimb.	50,000	50,000	50,000	50,000	—
Rental Property - Conference Center	125,000	125,000	125,000	205,900	64.7%
County - Owned Leased Facilities Income	4,035,820	3,351,150	3,894,000	3,894,000	16.2%
Conference Center - Net Proceeds	1,894,109	1,764,000	1,837,000	1,913,400	8.5%
County General Fund Revenues	6,104,929	5,290,150	5,906,000	6,063,300	14.6%
GRANT FUND MCG					
EXPENDITURES					
Salaries and Wages	0	283,780	41,240	353,440	24.5%
Employee Benefits	0	0	0	0	—
Grant Fund MCG Personnel Costs	0	283,780	41,240	353,440	24.5%
Operating Expenses	18,500	10,025,000	7,606,774	10,025,000	—
Capital Outlay	0	0	0	0	—
Grant Fund MCG Expenditures	18,500	10,308,780	7,648,014	10,378,440	0.7%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	0.0	0.0	0.0	0.0	—
REVENUES					
Historical Activities: Historic Preservation	18,500	25,000	25,000	25,000	—
Miscellaneous Future Grants	0	10,000,000	7,581,774	10,000,000	—
Grant Fund MCG Revenues	18,500	10,025,000	7,606,774	10,025,000	—
RESTRICTED DONATIONS					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Restricted Donations Personnel Costs	0	0	0	0	—
Operating Expenses	403,760	0	177,950	0	—
Capital Outlay	8,610	0	0	0	—
Restricted Donations Expenditures	412,370	0	177,950	0	—
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	0.0	0.0	0.0	0.0	—
DEPARTMENT TOTALS					
Total Expenditures	91,699,502	111,579,760	109,023,744	122,245,680	9.6%
Total Full-Time Positions	6	6	6	6	—

	Actual FY06	Budget FY07	Estimated FY07	Recommended FY08	% Chg Bud/Rec
Total Part-Time Positions	0	0	0	0	—
Total Workyears	3.2	2.9	2.9	2.6	-10.3%
Total Revenues	6,123,429	15,315,150	13,512,774	16,088,300	5.0%

FY08 RECOMMENDED CHANGES

	Expenditures	WYs
COUNTY GENERAL FUND		
FY07 ORIGINAL APPROPRIATION	101,270,980	2.9
<u>Arts and Humanities Council</u>		
Increase Cost: Increase operating support (from 4% to 7%) and provide funds to maintain organizations at the FY07 operating support level	2,070,010	0.0
Increase Cost: American Film Institute	500,000	0.0
Add: Imagination Stage for debt retirement	400,000	0.0
Enhance: Funding for program and project grants for organizations that are not receiving general operating support	392,140	0.0
Add: Heritage Tourism Alliance	100,000	0.0
Add: Maintenance and Repair of Art and Sculptures (Public Arts Trust)	10,000	0.0
Increase Cost: Arts and Humanities Council of Montgomery County's administrative costs	5,760	0.0
Eliminate: Elimination of One-Time Items Approved in FY07	-4,333,920	0.0
<u>Boards, Committees and Commissions</u>		
Increase Cost: Travel and Dependent Care Reimbursements	5,000	0.0
<u>Charter Review Commission</u>		
Increase Cost: Biennial reporting requirement	1,400	0.0
<u>Closing Costs Assistance</u>		
Increase Cost: Annualization of FY07 Personnel Costs (appropriated as an Operating Expense transfer)	16,420	0.0
<u>Community Grants</u>		
Add: Community Empowerment Grant: CASA of Maryland, Inc. (Multicultural Citizenship Project)	25,000	0.0
Add: Community Empowerment Grant: Crossway Community, Inc. (Feeding the Family for a Healthy Community)	25,000	0.0
Add: Community Empowerment Grant: Family Learning Solutions, Inc. (College Success Stories)	25,000	0.0
Add: Community Empowerment Grant: Gateway Georgia Avenue Revitalization Corporation (Acorn Market)	25,000	0.0
Add: Community Empowerment Grant: Montgomery County Community Foundation (Silver Spring Youth Collaborative)	25,000	0.0
Add: Community Empowerment Grant: National Alliance on Mental Illness (NAMI) (Parents and Teachers as Allies)	22,400	0.0
Add: Community Empowerment Grant: The Nonprofit Roundtable of Greater Washington (Montgomery County Nonprofit Roundtable)	25,000	0.0
Add: Community Empowerment Grant: YMCA of Metropolitan Washington (Community Connections, Northwest Park)	25,000	0.0
Add: Community Grant: Alzheimer's Association, National Capital Area (expand program for frail seniors, families and caregivers)	77,200	0.0
Add: Community Grant: Asian American Leadership Empowerment and Development (LEAD) (mentoring and tutoring programs for low income students and families)	125,000	0.0
Add: Community Grant: Asian Pacific American Chamber of Commerce (Seminars for Asian American business owners)	20,000	0.0
Add: Community Grant: Asian Pacific American Legal Resource Center (legal service, outreach and education programs)	45,000	0.0
Add: Community Grant: Big Brothers Big Sisters of the National Capital Area (mentor development center)	40,000	0.0
Add: Community Grant: CASA of Maryland, Inc. (administrative improvements)	200,000	0.0
Add: Community Grant: CASA of Maryland, Inc. (economic and workforce development in Long Branch)	115,000	0.0
Add: Community Grant: CentroNia (establish an education and family support center)	250,000	0.0
Add: Community Grant: Child Center & Adult Services, Inc. (Healthy Mothers, Healthy Babies program)	20,000	0.0
Add: Community Grant: Chinese American Senior Service Association, Inc. (Senior Computer Training Program)	23,500	0.0
Add: Community Grant: Community Bridges (administrative costs)	5,000	0.0
Add: Community Grant: Community Bridges (camp costs)	26,000	0.0
Add: Community Grant: Community Bridges (increased rent costs)	10,000	0.0
Add: Community Grant: Community Bridges (program developer)	45,000	0.0
Add: Community Grant: Community Bridges (Social Worker)	10,000	0.0

	Expenditures	WYs
Add: Community Grant: Crossway Community, Inc. (to offset operating deficit)	90,000	0.0
Add: Community Grant: Family Learning Solutions, Inc. (operating support)	50,000	0.0
Add: Community Grant: First Tee of Montgomery County, Inc. (LPGA girls golf initiative)	25,000	0.0
Add: Community Grant: Gapbuster Learning Center, Inc. (operating support for academic enrichment program)	105,000	0.0
Add: Community Grant: Gateway Georgia Avenue Revitalization Corporation (operating costs to implement programs in the South Silver Spring area)	25,000	0.0
Add: Community Grant: George B. Thomas, Sr. Learning Academy, Inc. (Saturday school)	600,000	0.0
Add: Community Grant: Graffiti Abatement Partners, Inc. (to enhance graffiti abatement program)	12,800	0.0
Add: Community Grant: Hebrew Home of Greater Washington (replace emergency public communications system)	125,000	0.0
Add: Community Grant: Identity, Inc. (Positive Youth Development Program)	55,000	0.0
Add: Community Grant: IMPACT Silver Spring (IMPACT in the Schools Expansion (mid-year initiative))	30,370	0.0
Add: Community Grant: IMPACT Silver Spring (IMPACT in the Schools)	100,000	0.0
Add: Community Grant: IMPACT Silver Spring (Neighborhood IMPACT: Renters Engagement Strategy)	55,000	0.0
Add: Community Grant: Institute for Educational Leadership (Disparities and Performance Pilot Project)	100,000	0.0
Add: Community Grant: Interages (expand the Across Ages program)	10,000	0.0
Add: Community Grant: Jewish Coalition Against Domestic Abuse (expand services to victims of domestic violence)	25,000	0.0
Add: Community Grant: Jewish Community Center of Greater Washington (Adult Center for Education)	65,000	0.0
Add: Community Grant: Jewish Council for the Aging (Elderbus Security)	18,000	0.0
Add: Community Grant: Jewish Council for the Aging (Older Workers Expo)	71,240	0.0
Add: Community Grant: Jewish Federation of Group Homes (campus security)	150,000	0.0
Add: Community Grant: Jewish Foundation for Group Homes, Inc. (Van Purchase (two))	90,000	0.0
Add: Community Grant: Jewish Social Service Agency (Montrose Road facility bathroom renovations)	35,000	0.0
Add: Community Grant: Jewish Social Service Agency (Security at the new Shady Grove JSSA site)	50,000	0.0
Add: Community Grant: Korean Community Service Center of Greater Washington (domestic violence prevention and victim assistance)	25,000	0.0
Add: Community Grant: Korean Community Service Center of Greater Washington (Korean Mobile Med Health Clinic Services)	25,000	0.0
Add: Community Grant: Latin American Youth Center (enhance safety and security at headquarters and off-site services facility)	75,000	0.0
Add: Community Grant: Latin American Youth Center (services to at-risk youth)	125,000	0.0
Add: Community Grant: Latino Economic Development Corporation (small business development services)	100,000	0.0
Add: Community Grant: Montgomery Coalition for Adult English Literacy (English as a Second Language and Adult Literacy services)	400,000	0.0
Add: Community Grant: Montgomery County Coalition for the Homeless, Inc. (expand the mens' shelter to provide all day service (mid year funding))	127,300	0.0
Add: Community Grant: Potomac Community Resources, Inc. (programs for the developmentally disabled)	60,000	0.0
Add: Community Grant: Prison Outreach Ministry, Inc. (Welcome Home Program)	50,000	0.0
Add: Community Grant: Red Wiggler Community Farm (to complete a planning project to meet the nutritional needs of low income developmentally disabled adults)	14,000	0.0
Add: Community Grant: Southern Christian Leadership Conference of Montgomery County (Conflict Resolution Center)	25,000	0.0
Add: Community Grant: St. Luke's House, Inc. (furnishings for a community based group home in Kensington)	35,000	0.0
Add: Community Grant: The Foundation Schools (renovation costs)	250,000	0.0
Add: Community Grant: Top Banana Home Delivered Groceries, Inc. (home delivered grocery services)	15,000	0.0
Add: Community Service Grant: Bethesda Cares, Inc. (Tables, chairs)	7,740	0.0
Add: Community Service Grant: CASA of Maryland, Inc. (Computers, software, office equipment)	15,220	0.0
Add: Community Service Grant: CHI Centers, Inc. (Van)	20,000	0.0
Add: Community Service Grant: Child Center & Adult Services, Inc. (Computer, scanner, printer, conference table)	4,750	0.0
Add: Community Service Grant: Community Ministries of Rockville (Computer equipment, phone system, printers)	20,000	0.0
Add: Community Service Grant: Community Ministry of Montgomery County, Inc. (Beds, tables, chairs, chests, security lockers)	20,000	0.0
Add: Community Service Grant: Crossway Community, Inc. (Classroom furniture)	7,000	0.0
Add: Community Service Grant: Family Learning Solutions, Inc. (Mini van)	20,000	0.0
Add: Community Service Grant: Habitat for Humanity of Montgomery County, MD (computer equipment and software, furniture)	19,760	0.0
Add: Community Service Grant: Head Injury Rehabilitation and Referral Services, Inc. (Basic van, wheelchair lift van)	20,000	0.0
Add: Community Service Grant: Housing Opportunities Community Partners, Inc. (14-passenger para-transit mini bus)	20,000	0.0
Add: Community Service Grant: IMPACT Silver Spring (Computers, furniture, office equipment)	14,630	0.0
Add: Community Service Grant: Independence Now, Inc. (Computers and software, other office equipment)	7,340	0.0
Add: Community Service Grant: Jewish Community Center of Greater Washington (install automatic door opener and new microphone)	18,500	0.0

	Expenditures	WYs
Add: Community Service Grant: Jewish Foundation for Group Homes, Inc. (lift-equipped van)	20,000	0.0
Add: Community Service Grant: Jewish Social Service Agency (pick-up truck)	20,000	0.0
Add: Community Service Grant: Jobs Unlimited, Inc. (Computer software, telephone system, air conditioning)	20,000	0.0
Add: Community Service Grant: Literacy Council of Montgomery County (Computer, projector)	2,020	0.0
Add: Community Service Grant: Mental Health Association, Inc. (Passenger Van)	20,000	0.0
Add: Community Service Grant: Mercy Health Clinic (Filing cabinets, computer work stations)	8,380	0.0
Add: Community Service Grant: Mobile Medical Care, Inc. (medical records filing system)	20,000	0.0
Add: Community Service Grant: Montgomery Child Care Association, Inc. (computers, variety of audio-visual)	9,820	0.0
Add: Community Service Grant: Montgomery County Coalition for the Homeless, Inc. (7-passenger van)	20,000	0.0
Add: Community Service Grant: National Alliance on Mental Illness (NAMI) (computers, software, office equip)	14,410	0.0
Add: Community Service Grant: National Center for Children and Families (re-tiling bathrooms, purchase appliances)	20,000	0.0
Add: Community Service Grant: Planned Parenthood of Metropolitan Washington (PPMW) (Computers w/ software, medical equipment)	19,110	0.0
Add: Community Service Grant: Red Wiggler Community Farm (Computers, refrigeration & garden equipment, golf cart)	20,000	0.0
Add: Community Service Grant: Rehabilitation Opportunities, Inc. (ROI) (office equipment, furniture)	19,910	0.0
Add: Community Service Grant: Spanish Catholic Center, Inc. (office equipment, furniture, alarm system)	17,350	0.0
Add: Community Service Grant: St. Ann's Infant and Maternity Home (software and training fees)	10,900	0.0
Add: Community Service Grant: St. Luke's House, Inc. (12-passenger van)	20,000	0.0
Add: Community Service Grant: Suburban Hospital, Inc. (OASIS) (EKG Machine)	5,880	0.0
Add: Community Service Grant: The Arc of Montgomery County, Inc. (7-passenger mini van)	20,000	0.0
Add: Community Service Grant: The Ivymount School (handicapped accessible van w/ wheelchair)	20,000	0.0
Add: Community Service Grant: The Lt. Joseph P. Kennedy Institute (six passenger vehicle)	20,000	0.0
Add: Community Service Grant: The Treatment and Learning Centers (Audiometers w/ software, related equipment)	20,000	0.0
Add: Community Service Grant: Threshold Services, Inc. (new 4-door sedan)	20,000	0.0
Add: Community Service Grant: Top Banana Home Delivered Groceries, Inc. (Computer equipment, cell phones, headsets)	7,060	0.0
Add: Community Service Grant: YMCA of Metropolitan Washington (15 passenger bus)	20,000	0.0
Decrease Cost: Elimination of One-Time Items Approved in FY07	-9,240,790	0.0
Compensation Adjustment		
Increase Cost: MLS Performance-Based Pay	113,150	0.0
Increase Cost: Performance Management - Ongoing Program Expenses	73,170	0.0
Increase Cost: Non-Qualified Retirement Plan	10,200	0.0
Increase Cost: Deferred Compensation Management (BIT)	6,980	0.0
Increase Cost: Service Increment Adjustment	4,400	0.0
Increase Cost: Deferred Compensation Management (Finance)	1,850	0.0
Increase Cost: General Wage Adjustment	1,720	0.0
Decrease Cost: Group Insurance Rate Adjustment	-80	0.0
Decrease Cost: Deferred Compensation Management (OHR)	-25,870	-0.3
Decrease Cost: Non-Represented Performance-Based Pay	-138,500	0.0
Conference and Visitors Bureau		
Increase Cost: Annualization of FY07 Operating Expenses	51,450	0.0
Conference Center		
Increase Cost: General Wage Adjustment	6,340	0.0
Increase Cost: Service Increment Adjustment	3,100	0.0
Increase Cost: Annualization of FY07 Personnel Costs	1,850	0.0
Decrease Cost: Group Insurance Rate Adjustment	-1,050	0.0
Council of Governments		
Decrease Cost: Annualization of FY07 Operating Expenses	-20,670	0.0
County Associations		
Increase Cost: Dues Payments	170	0.0
Desktop Modernization		
Increase Cost: DCM - Laptop Encryption Software	105,000	0.0
Increase Cost: DCM - Windows Client Access Licenses	5,000	0.0
Increase Cost: DCM - Anti-Virus Licenses	4,000	0.0
Decrease Cost: Elimination of One-Time Items Approved in FY07	-258,750	0.0
Group Insurance-Retirees		
Increase Cost: Claims Expenses	886,110	0.0

	Expenditures	WYs
<u>Historical Activities</u>		
Increase Cost: Annualization of FY07 Operating Expenses	8,750	0.0
<u>Housing Opportunities Commission</u>		
Increase Cost: Compensation Adjustment	203,000	0.0
Shift: Utility payment for Elizabeth House from HHS to HOC	10,000	0.0
Decrease Cost: Risk Management and Occupational Medical Adjustments	-13,420	0.0
<u>Inauguration & Transition</u>		
Decrease Cost: Elimination of One-Time Items Approved in FY07	-100,000	0.0
<u>Independent Audit</u>		
Increase Cost: Annualization of FY07 Operating Expenses	16,310	0.0
<u>Leases</u>		
Increase Cost: Existing leases, related operating costs and taxes	697,740	0.0
Enhance: Additional leases	415,610	0.0
<u>Motor Pool Fund Contribution</u>		
Increase Cost: Police - 9 Vehicles for Community Action Team and Wheaton Safety Plan	189,000	0.0
Increase Cost: Fire and Rescue - 9 Vehicles for Code Enforcement	180,000	0.0
Increase Cost: Police - 6 Vehicles for Centralized Gang Task Force	126,000	0.0
Increase Cost: Health and Human Services - 5 Vehicles for Child Welfare Services	55,000	0.0
Increase Cost: Police - 2 Vehicles for Silver Spring Safety Plan	42,000	0.0
Increase Cost: Transit Services - 3 Sedans for Small Bus Service Administration	39,000	0.0
Increase Cost: Police - 1 Vehicle for Duty Commander	27,000	0.0
Increase Cost: Police - 1 Vehicle for Robbery Unit	20,000	0.0
Increase Cost: Recreation - 1 Passenger Van for Upcounty Sports Academy	19,030	0.0
Increase Cost: Housing and Community Affairs - 1 Truck for Housing Code Enforcement Inspector	18,000	0.0
Increase Cost: Public Information - 1 Van for moving equipment	15,500	0.0
Increase Cost: Board of Elections - 1 Van for moving equipment	13,000	0.0
Decrease Cost: Elimination of One-Time Items Approved in FY07	-1,115,500	0.0
<u>Other Post Employment Benefits (OPEB)</u>		
Increase Cost: MCG Tax Supported OPEB Contribution to Trust	12,067,320	0.0
<u>Risk Management</u>		
Increase Cost: Annualization of FY07 Operating Expenses	872,210	0.0
Decrease Cost: Risk Management Adjustment	-973,840	0.0
<u>Rockville Parking District</u>		
Increase Cost: Capital Contribution to Rockville Parking	180,000	0.0
Increase Cost: Contribution: Patron Parking	84,000	0.0
Increase Cost: Contribution: Employee Parking	67,500	0.0
<u>State Positions Supplement</u>		
Increase Cost: General Wage Adjustment	13,510	0.0
Decrease Cost: Group Insurance Rate Adjustment	-280	0.0
Decrease Cost: Annualization of FY07 Personnel Costs	-67,370	0.0
<u>State Retirement Contribution</u>		
Increase Cost: Per FY08 schedule of costs	42,230	0.0
<u>Takoma Park Library Annual Payment</u>		
Increase Cost: FY08 Adjustment	15,540	0.0
<u>Takoma Park Police Rebate</u>		
Increase Cost: Technical adjustment to reflect final calculation of the rebate	65,640	0.0
<u>Working Families Income Supplement</u>		
Increase Cost: Annualization of FY07 Operating Expenses	1,471,200	0.0
Increase Cost: Final FY08 Adjustment	84,400	0.0
FY08 RECOMMENDED:	111,867,240	2.6
GRANT FUND MCG		
FY07 ORIGINAL APPROPRIATION	10,308,780	0.0
<u>Compensation Adjustment</u>		
Increase Cost: Non-Represented Performance-Based Pay Awards	49,090	0.0

	Expenditures	WYs
Increase Cost: MLS Performance-Based Pay Awards	20,570	0.0
FY08 RECOMMENDED:	10,378,440	0.0

FUTURE FISCAL IMPACTS

Title	CE REC. FY08	FY09	FY10	(S000's) FY11	FY12	FY13
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY08 Recommended	111,867	111,867	111,867	111,867	111,867	111,867
No inflation or compensation change is included in outyear projections.						
Arts and Humanities Council - Elimination of One-Time Items Recommended in FY08	0	-1,000	-1,000	-1,000	-1,000	-1,000
Items approved for one-time funding in FY08, including American Film Institute, Imagination Stage, and Heritage Tourism Alliance, will be eliminated from the base in the outyears.						
Community Grants NDA - Elimination of One-Time Items Recommended in FY08	0	-5,053	-5,053	-5,053	-5,053	-5,053
Items approved for one-time funding in FY08, including Community Empowerment Grants, Community Grants and Community Service Grants, will be eliminated from the base in the outyears.						
Motor Pool NDA - Elimination of One-Time Items Recommended in FY08	0	-744	-744	-744	-744	-744
Items approved for one-time funding in FY08, including new vehicles, will be eliminated from the base in the outyears.						
Compensation Adjustment NDA - Labor Contracts	0	9	17	19	19	19
These figures represent the annualization of service increments, general wage adjustments, and associated benefits. Estimated compensation (e.g., general wage adjustments and service increments) for personnel are included for FY09 and beyond.						
Conference Center NDA - Labor Contracts	0	12	24	25	25	25
These figures represent the annualization of service increments, general wage adjustments, and associated benefits. Estimated compensation (e.g., general wage adjustments and service increments) for personnel are included for FY09 and beyond.						
State Positions Supplement NDA - Labor Contracts	0	15	30	30	30	30
These figures represent the annualization of service increments, general wage adjustments, and associated benefits. Estimated compensation (e.g., general wage adjustments and service increments) for personnel are included for FY09 and beyond.						
Compensation Adjustment - Group Insurance Premium Contribution Changes	0	13,245	19,753	29,281	40,072	52,107
Future Group Insurance premium contributions are based on various factors including the Health Insurance Fund balance and claims cost experience. These figures also include the estimated cost to restore funding for two pay periods of group insurance premium contributions.						
Conference Center NDA - Management Audit	0	-50	0	-50	0	-50
Represents preliminary cost estimates for periodic Conference Center management audits currently projected to occur in FY07, FY08, FY10 and FY12. The FY07 estimated costs are \$50,000.						
Group Insurance for Retirees NDA	0	4,692	9,551	13,568	18,101	23,191
Ongoing Group Insurance contributions for retirees. These figures also include the estimated cost to restore funding for two pay periods of group insurance premium contributions.						
OPEB NDA - Other Post Employment Benefits (OPEB)	0	11,882	27,712	43,521	59,325	62,895
These figures represent the estimated cost of the five-year plan to fully fund the annual required contribution related to post-employment benefits other than pensions for the County's workforce.						
Subtotal Expenditures	111,867	134,876	162,158	191,466	222,644	243,289

BOARD OF INVESTMENT TRUSTEES

PROGRAM:

Employees' Retirement System (ERS)

PROGRAM ELEMENT:
PROGRAM MISSION:

To maintain a prudent investment program that strikes an appropriate balance between risks taken and returns sought in order to fund existing and projected pension needs while ensuring the long-term health of the Employees' Retirement System

COMMUNITY OUTCOMES SUPPORTED:

- Provide prudent management of tax dollars and employee contributions
- Contribute to the future financial security and quality of life of participants and their beneficiaries

PROGRAM MEASURES

FY04 ACTUAL	FY05 ACTUAL	FY06 ACTUAL	FY07 BUDGET	FY08 CE REC
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Outcomes/Results:

Annual rate of return on ERS investments (%)	+17.16	+10.54	+9.18	NA	NA
Annual rate of return on ERS Investments, net of fees (%)	+16.79	+10.09	+8.89	NA	NA
Ten-year annualized rate of return on ERS investments (%)	+9.78	+9.43	+8.74	NA	NA
Difference between annual ERS rate of return and benchmark rate of return (percentage points)	+1.50	+0.85	+0.22	NA	NA
Difference between annual ERS rate of return net of fees and the median rate of return for the public fund universe (percentage points)	+2.96	+1.46	+0.81	NA	NA
Net investment income (loss) (\$millions)	287.0	196.8	186.4	NA	NA
Percentage funded	79.8	75.0	76.2	77.6	78.5

Service Quality:
Efficiency:

Total program cost as a percentage of total ERS assets	0.44	0.36	0.36	0.40	0.39
Investment administrative cost per participant (\$)	45.62	42.84	40.25	50.15	61.30

Workload/Outputs:

Total ERS assets (\$millions)	1,976	2,131	2,307	2,476	2,674
Number of investment management firms under contract	16	17	20	22	24
Number of participants (includes all participating agencies):					
Active	5,670	5,628	5,362	5,318	5,050
Retired	4,559	4,665	4,848	4,940	5,090
Contributions received (includes County and employee contributions) (\$millions)	76.7	90.0	104.3	125.9	129.0

Inputs:

Expenditures (\$)	466,632	440,931	410,985	514,400	621,600
Workyears	2.4	2.4	3.2	3.2	4.0